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December 7, 2005

The Honorable Orrin G. Hatch
United States Senate
Washington, DC 20510

Dear Senator Hatch:

Thank you for our recent dialogue on nuclear power and specifically the issues regarding the management of the nation's spent nuclear fuel. We appreciate everything you have done and are doing to support nuclear power and understand your commitment to working with us to expand the nuclear power capabilities of this country. In addition, you have been very supportive in pursuing appropriate options to address the spent fuel management challenges we face and we count on your continued support toward finalizing those options.

After a great deal of consideration and internal review, Southern Company has determined that Private Fuel Storage, LLC (PFS) cannot be successfully developed as a spent fuel repository in a time frame to meet Southern's needs. Therefore, Southern will no longer support PFS. Southern Company is committed to Yucca Mountain as the nation's spent fuel repository and will continue its efforts toward ensuring its eventual opening.

Southern Company also remains committed to providing safe, reliable, low cost energy from a generation fleet powered by a diverse fuel mix. Nuclear power is a cornerstone of our mission. We look forward to working with you and your staff on issues important to the future of nuclear power.

Sincerely,

A handwritten signature in dark ink, appearing to read "J. Beasley, Jr.", is written over the word "Sincerely,".

J. George Beasley, Jr.



Richard C. Kelly
President and Chief Executive Officer

U.S. Bancorp Center
800 Nicollet Mall, Suite 3000
Minneapolis, Minnesota 55402-2023

December 8, 2005

The Honorable Orrin Hatch
United States Senate
Washington, DC 20510

Dear Senator Hatch:

As a follow-up to our many conversations, I am writing to update you on Xcel Energy's continuing efforts to ensure that spent fuel is removed from our reactors in Minnesota at the earliest possible date.

As you will recall, for more than a decade Xcel Energy has pursued a "three-prong" strategy to ensure that the prompt removal of used nuclear fuel from civilian power reactors owned and operated by our company:

- support of U.S. government efforts, through the Department of Energy, to establish a workable used fuel repository at Yucca Mountain;
- litigation (including successful cases before the U.S. Court of Appeals that established the government's unconditional contractual obligation and pending damage claims before the U.S. Court of Federal Claims); and
- private efforts to license and construct a storage facility in Skull Valley, Utah.

All of these efforts have been designed to protect the interests of Xcel Energy ratepayers, who have contributed more than \$500 million to the federal government to ensure it meets its mandate.

In recent weeks, we have observed with interest a series of announcements by the Department and actions by Congress that suggest the federal government may be poised to take steps to reduce the need for privately developed interim storage.

Specifically, we are encouraged by the announcement that the Department is seriously examining the use of multi-purpose canister systems for Yucca Mountain. This move to a "cold repository", which industry has advocated for more than a decade, will simplify the design of the Yucca Mountain repository and should accelerate the process for acceptance and removal of used fuel from Minnesota.

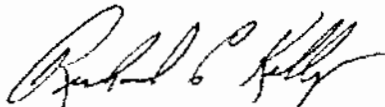
In addition, we were pleased to see Congress, in the FY 2006 Energy and Water Development Act (signed by the President this week), provide \$20 million for grants to communities interested in hosting facilities that would accept and eventually recycle used fuel from civilian nuclear plants throughout the United States. In an important development, this project is not contingent on short-term progress at Yucca Mountain.

In addition to the above, the Administration is preparing comprehensive legislation that, if implemented, will further expand and promote this new initiative to begin moving waste early in the next decade. We are also pleased to note that Congress seems well disposed to quickly consider such legislation upon its introduction. Such action would effectively open a new "prong" in our strategy to move waste.

As you know, on September 9 of this year the Nuclear Regulatory Commission directed its staff to issue a license for the Private Fuel Storage, LLC (PFS) facility in your state. Previously, six of the seven other PFS investors have indicated that they would withhold future investments after licensure, provided adequate progress is being made at Yucca Mountain or other alternatives. In light of the stepped up activity by Congress, DOE action on alternatives, and Yucca Mountain developments, Xcel Energy too will hold in abeyance future investments in the next phase of PFS as long as there is apparent and continuing progress in the initiatives under discussion toward federally sponsored interim storage, reuse, and/or disposal for the nation's spent nuclear fuel.

As always, we greatly appreciate your tireless efforts to ensure that the federal government meets its obligations to the ratepayers and citizens of Minnesota. I am sure we reflect the views of your constituents when we also express our admiration for your efforts on behalf of the State of Utah.

Sincerely,

A handwritten signature in black ink, appearing to read "Richard C. Kelly". The signature is fluid and cursive, with the first name "Richard" being more prominent and the last name "Kelly" following in a similar style.

Richard C. Kelly
President & CEO